



# House Committee on Commerce

**Honorable Wayne A. Schmidt, Chair**

Your success begins in  
**PURE MICHIGAN**

**March 13, 2012**

**Presented by:**

**Mark Kinsler, Vice President, Business Attraction**

**Deanna Richeson, Director, Export Program**

**James McBryde, Vice President, Governmental Affairs**



**PURE MICHIGAN®**  
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## Recent History of Export Program

- 1995 – International Program brought to Michigan Jobs Commission from former Commerce Dept.
  - 7 foreign trade offices
- For the previous 10+ years, there has been no formal export promotion program
- Governor Snyder recognized importance of diversifying our economic base by increasing exports
- Currently, Business Attraction program includes:
  - Export
  - FDI attraction

# Regionalization

## Why Are We Doing This?

To align state resource providers

- Company receives multiple visits from various service providers
- Eliminate duplication of services
- More effective/efficient access to resources
- MEDC focus on regional/local priorities

## Regionalization

- MEDC focus on regional/local priorities
- 10 CDC members (Collaborative Development Council)
- Survey to 240 local partners
  - Top target countries
  - Top target industries
  - Most needed MEDC services
- Shape future international strategy

# Michigan Ranks 8<sup>th</sup> in Total Exports

(2011 Values in USD, Source: <http://tse.export.gov>)

<b>Total</b>	<b>UNITED STATES</b>	<b>1,480,552,124,563</b>
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<b>Rank</b>	<b>State</b>	<b>2011</b>
1	Texas	249,860,039,646
2	California	159,354,357,767
3	New York	82,894,130,191
4	Florida	64,756,130,028
5	Washington	64,632,316,142
6	Illinois	64,564,658,986
7	Louisiana	55,124,006,851
8	Michigan	50,802,278,026
9	Ohio	46,407,887,826
10	Pennsylvania	41,029,607,501

Note: Exports of NAICS total All Merchandise to World

# Top 10 Countries for Michigan Exports

(Values in USD, Source: <http://tse.export.gov>)

Country	2011	% Share of U.S. Total	% Change, 2010-2011	2010 to 2011 (Dollar Change)
<b>Total Michigan Exports</b>	<b>50,802,278,026</b>	<b>3.4</b>	<b>12</b>	<b>6,034,090,569</b>

Rank	Country	2011	% Michigan Total Share	% Change, 2010-2011	2010 to 2011 (Dollar Change)
1	Canada	23,374,092,359	46.0	5.8	1,286,528,759
2	Mexico	8,963,849,106	17.6	20.7	1,539,643,791
3	China	2,686,514,135	5.3	23.2	505,568,645
4	Germany	1,798,898,510	3.5	17.6	269,004,501
5	Japan	1,337,832,172	2.6	7.0	97,738,932
6	Saudi Arabia	1,160,280,030	2.3	4.9	54,905,603
7	South Korea	976,427,529	1.9	30.1	225,894,193
8	Brazil	755,934,319	1.5	29.0	170,089,734
9	Australia	702,463,533	1.4	113.9	374,197,787
10	United Kingdom	700,209,760	1.4	9.9	63,148,501

**Top 5 Food and Agriculture Markets in 2010 in Descending Order:**

**Canada, Mexico, Japan, South Korea and China**

**(Source: U.S. Department of Agriculture)**

# Top 10 Michigan Products Exported

(Values in USD, Source: <http://tse.export.gov>)

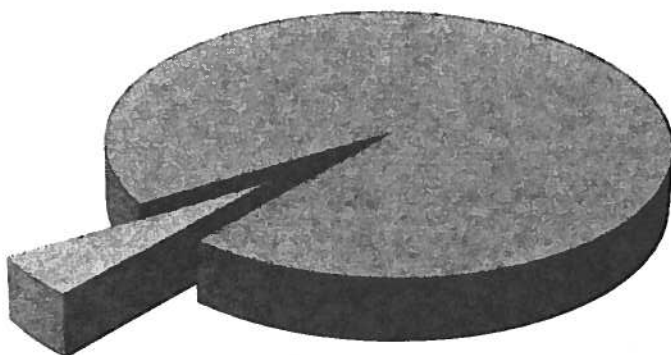
	2010	2011	% Change, 2010-2011
<b>Total Export</b>	<b>44,768,187,457</b>	<b>50,802,278,026</b>	<b>13.5%</b>

Rank	Item	2010	2011	% Change, 2010-2011
1	TRANSPORTATION EQUIPMENT	21,899,826,438	24,918,885,204	13.8%
2	MACHINERY, EXCEPT ELECTRICAL	3,825,370,361	4,597,203,392	20.2%
3	CHEMICALS	4,055,553,577	4,076,908,515	0.5%
4	PRIMARY METAL MFG	2,926,230,974	2,963,022,465	1.3%
5	COMPUTER AND ELECTRONIC PRODUCTS	2,191,187,172	2,632,668,401	20.1%
6	OIL & GAS	1,575,320,673	1,707,431,034	8.4%
7	FABRICATED METAL PRODUCTS, NESOI	1,364,341,818	1,682,915,593	23.3%
8	ELECTRICAL EQUIPMENT, APPLIANCES & COMPONENTS	883,313,483	1,195,040,646	35.3%
9	PLASTICS & RUBBER PRODUCTS	876,920,925	1,017,699,490	16.1%
10	NONMETALLIC MINERAL PRODUCTS	794,872,404	980,485,484	23.4%

**Michigan Food and Agricultural Product Export Accounted for \$1.75 Billion in 2010**  
**(Source: U.S. Department of Agriculture)**

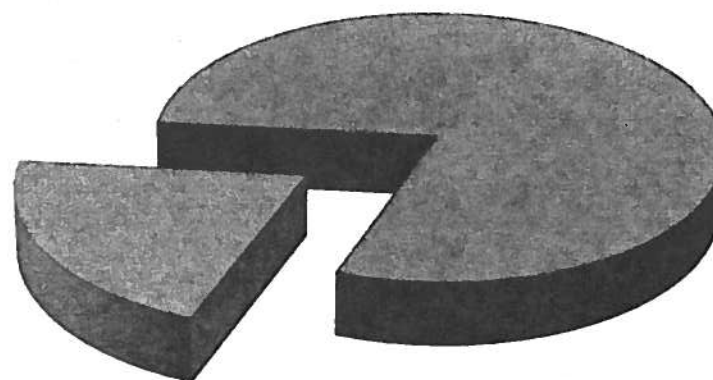
# Why Export?

**95 percent  
of customers are  
outside the US!**



■ USA    ■ Rest of World

**75 percent  
of purchasing power  
is outside the US!**



■ USA    ■ Rest of World



# Benefits of Exporting

- Companies that export...
  - **grow faster**
  - are nearly 8.5 percent **less likely to go out of business** than non-exporting companies
  - **pay higher wages to their employees**
- Exporting provides...
  - customer diversification
  - sales stability against economic cycles
  - increased innovation and ability to adapt to changes
  - extended product lifecycles

# Exports by Michigan Small Businesses

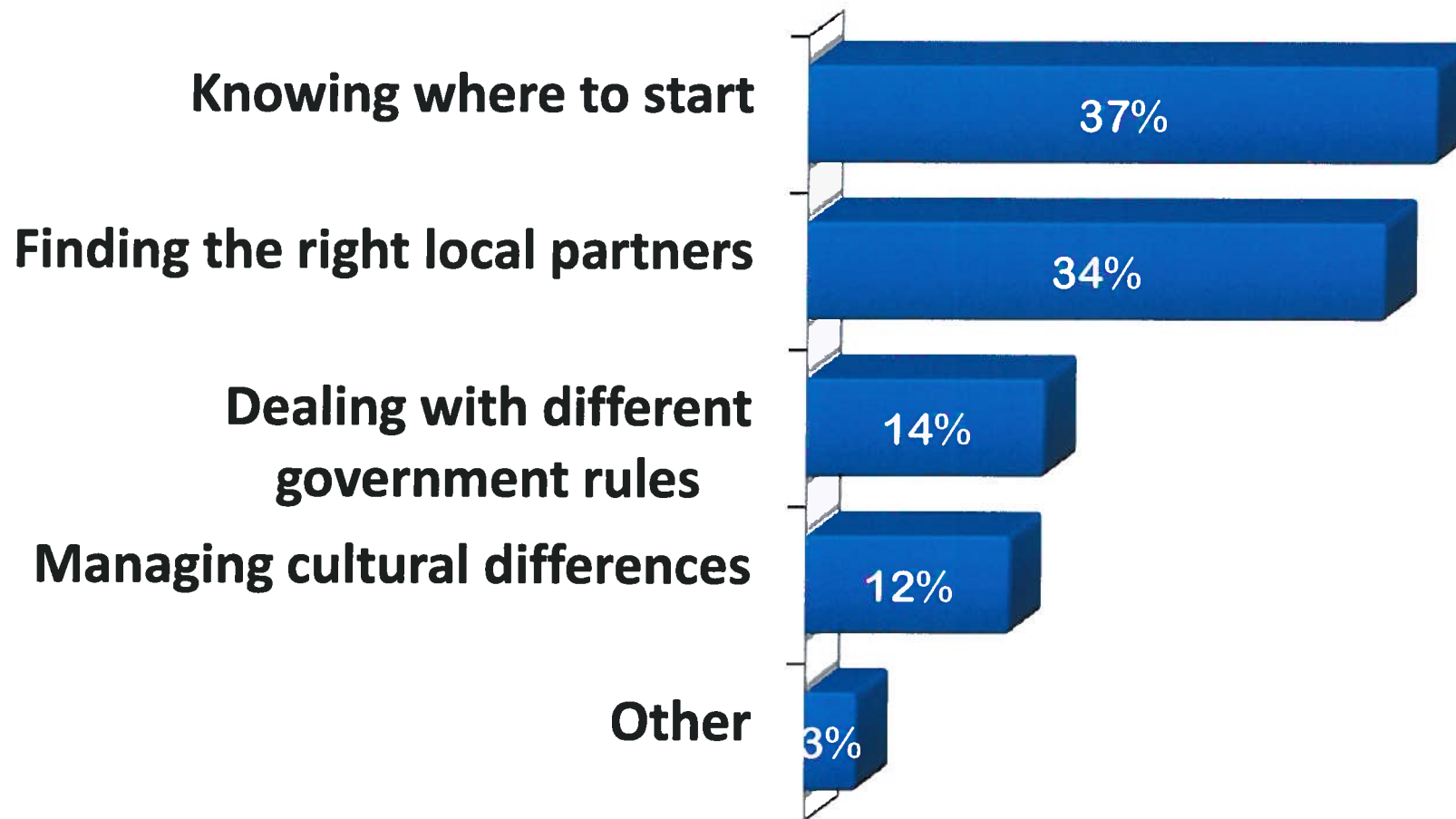
**90.7%** of all Michigan exporters are SMEs\*

## Michigan Ranks:

- **6<sup>th</sup>** for SMEs as a Percentage of Total Exporters.
- **9<sup>th</sup>** for Total Number of SME Exporters: **10,169** Michigan SMEs export.
- **11<sup>th</sup>** for SME Export Value: **\$7.229 billion** Dollar Value of Export Shipments by SMEs.
- **45<sup>th</sup>** for SMEs as a Percentage of Total Export Value.  
% Value of Export Shipments by SMEs (2009): **17.7%**

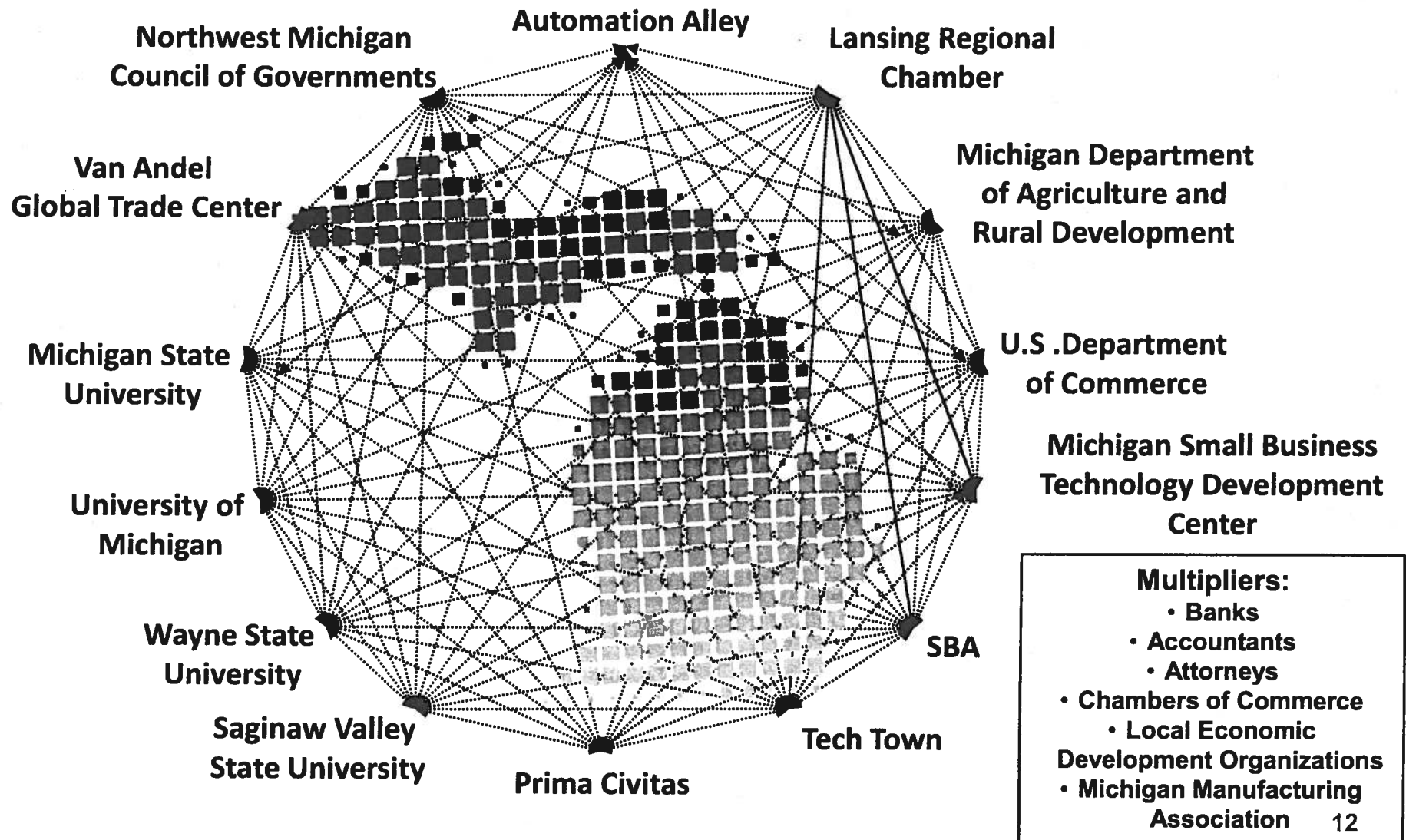
\*SMEs: Small and Medium-Sized Enterprises

## Most Challenging Issues for Companies Looking to Expand Globally



*Source: Forum for International Expansion*

# Statewide Partner Collaboration



## State Trade Export Promotion (STEP)

- 3-year SBA pilot program to increase exports
- Trade and export initiative authorized by the Small Business Jobs Act of 2010
- Supports the National Export Initiative to double exports in 5 Years (by 2014)
- MEDC received the 4<sup>th</sup> largest grant in U.S:
  - \$1.5 million in FY12
  - \$.5 million state match

## State Trade Export Promotion (STEP)

Companies must receive pre-approval. STEP awards of up to \$25,000 may be used to reimburse 50% of costs associated with:

- Foreign trade missions and foreign market sales trips
- Trade show exhibitions
- Subscribing to U.S. Commerce Dept. services
- Language translation fees
- International website and marketing materials
- Training workshops
- Other export initiatives deemed appropriate by the SBA

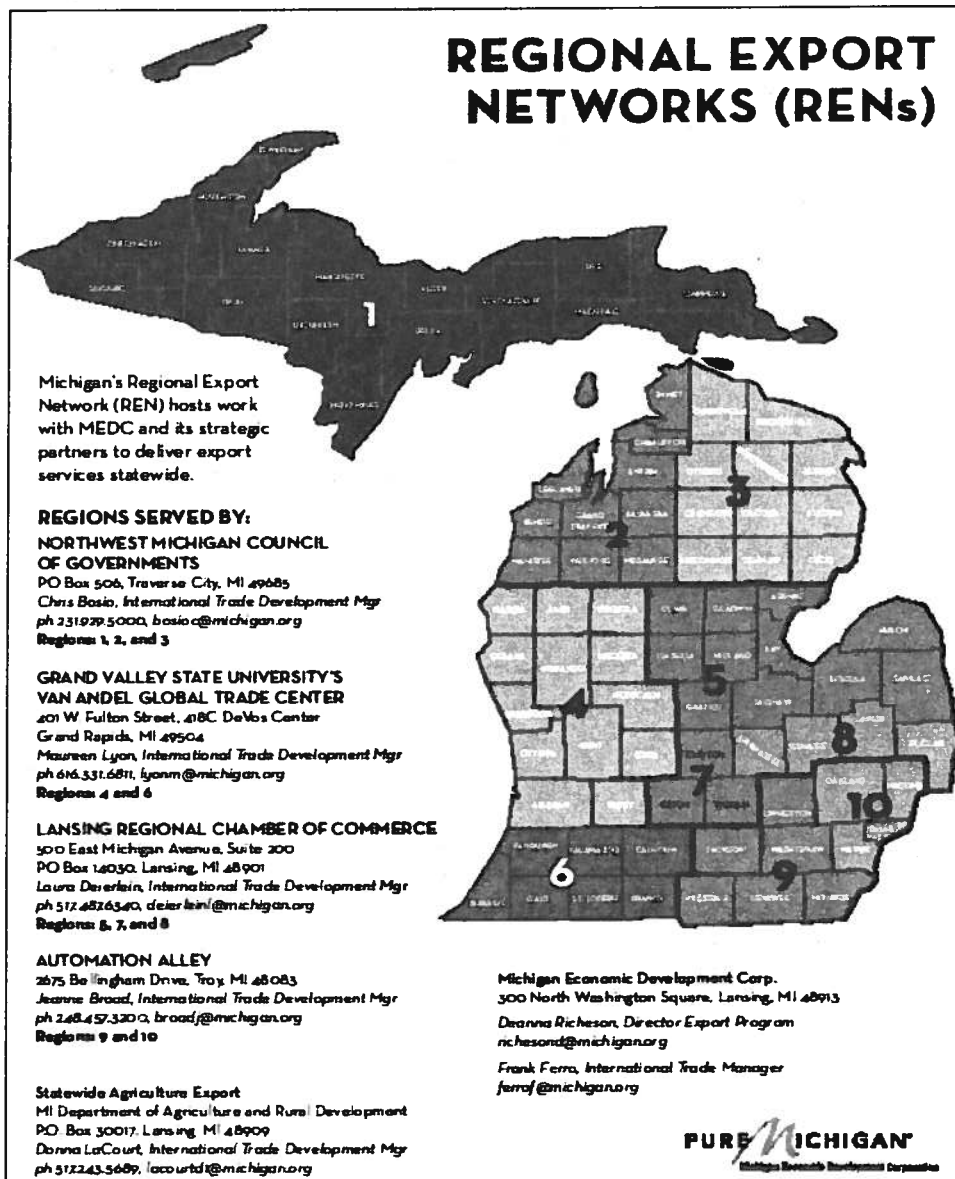
## STEP Goals

- Increase Value of Michigan SME Exports
- Increase Number of Michigan SME Exporters
- Increase Number of New Export Markets for Michigan SMEs

## Regional Strategy

- 4 Export Regions
- 4 Partner Host Organizations
- 4 Regional International Trade Managers
- 1 Agricultural/Rural International Trade Manager

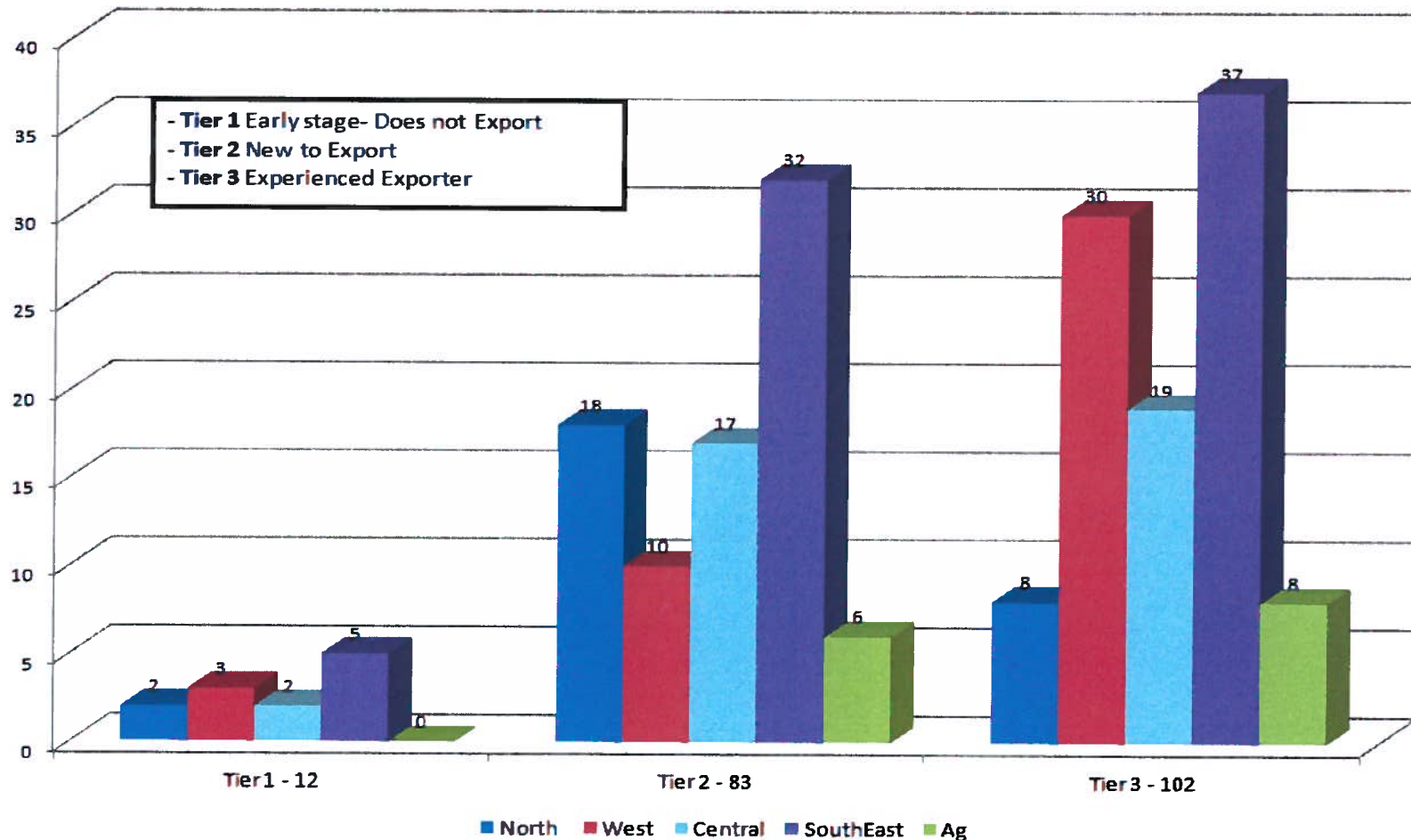
### REGIONAL EXPORT NETWORKS (RENs)





# Total SMEs Assisted by Region and Tier

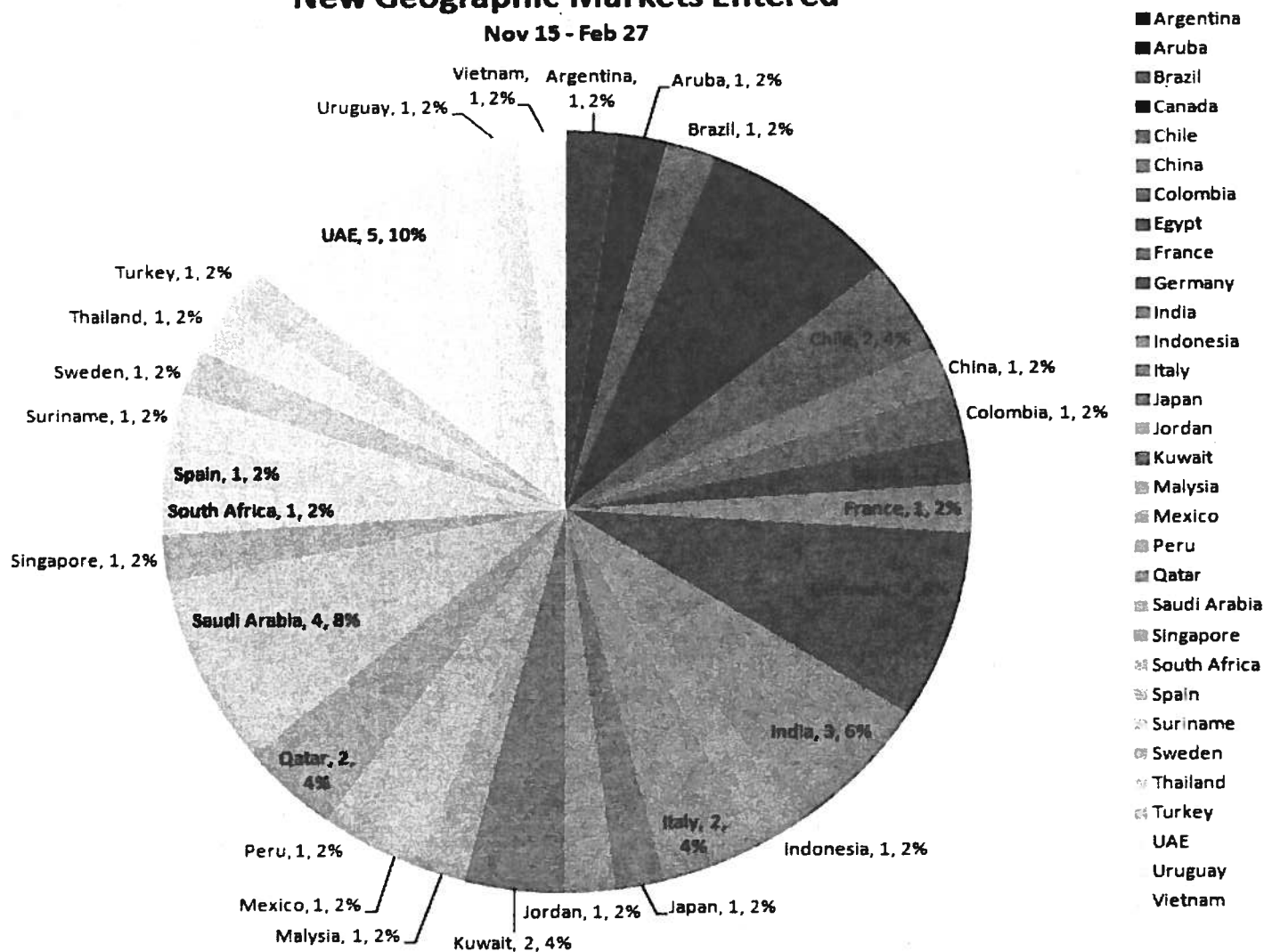
Nov 15 - Feb 27



Of 197 companies assisted since Nov. 15, 2011 launch, the majority are new-to-export and experienced exporters. Our FY2012 target is to assist 615 companies.

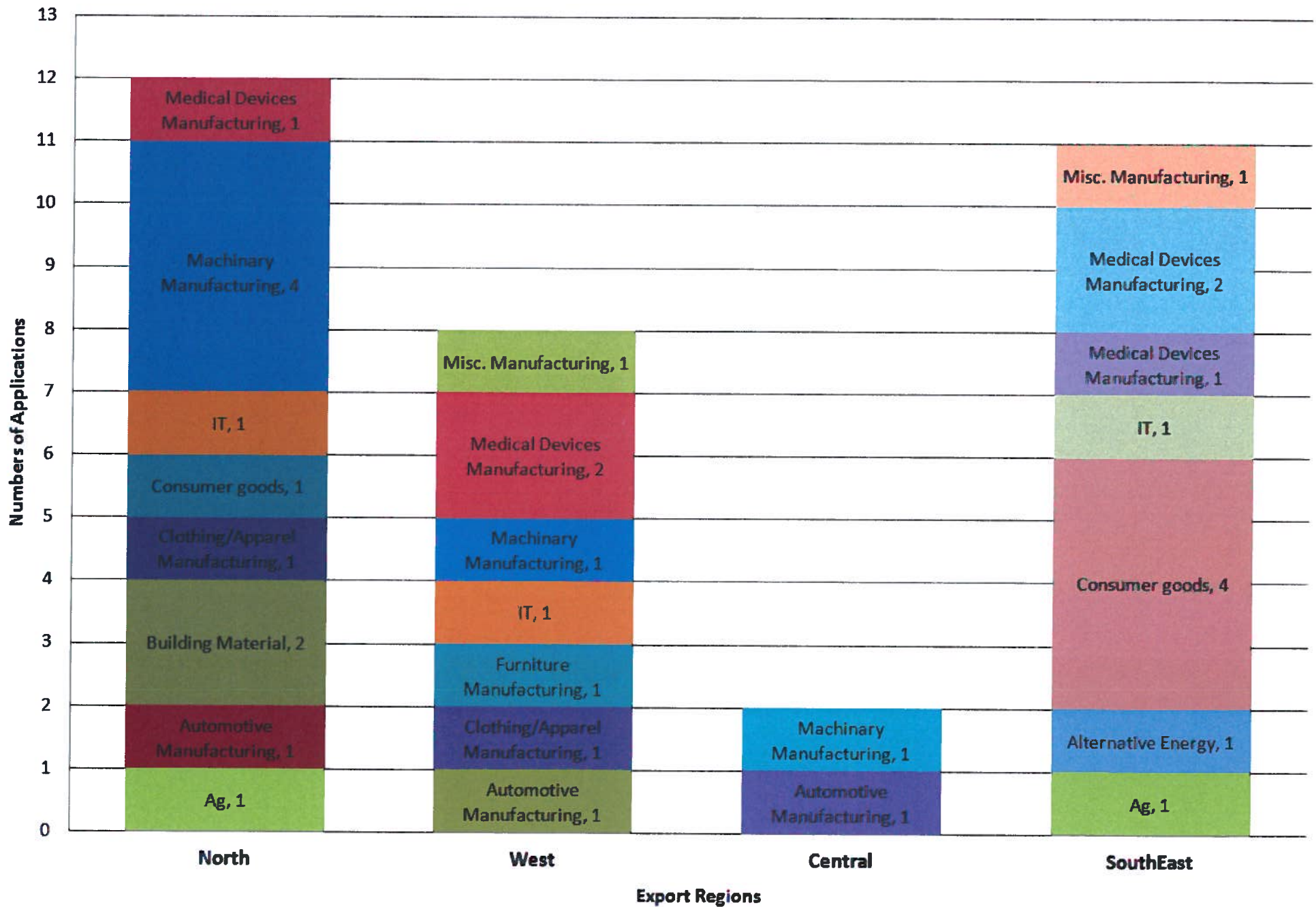
## New Geographic Markets Entered

Nov 15 - Feb 27



The STEP program has enabled 21 SMEs to enter 31 new export markets. MEDC's target markets for the remaining FY2012 include Canada, Mexico, China, Germany, Japan, and South Korea. Conversations with CDC partners over the next 6-18 months will shape our future export strategy.

### 33 STEP Applicants – Classified by Region and Industry



## Export Success Stories

Company name	MI location	Product	Market(s) entered
North Bay Produce	Traverse City	Fresh Blueberries, etc Apples	China India, Kuwait, Bahrain, UAE
MarMed	Grand Rapids	Medical devices	UAE
Bekum America	Williamston	Plastic blow mold machines	India
Xoran Technologies	Ann Arbor	Medical Imaging	Mexico
Coliant Corporation	Warren	Power sports device	Italy
Power Panel	Detroit	Solar panels	Algeria
Hess Industries*	Niles	Metal forming machinery	Turkey, China, Peru
Marquette Backcountry Ski*	Marquette	Snowshoe hybrid	France, Canada

(\*in SBA pipeline)

# Where Do We Go From Here?

Collaborate with regional partners to:

- Identify Top 10 export markets
- Identify Top 10 industries

Connect companies with export opportunities and resources

Measure success by:

- Dollar export value
- Number of new-to-export firms
- Number of new markets

# Keys to Michigan's Export Success

- Increase awareness of export opportunities
- Connect companies to existing export resources
- Collaborate with regional and local partners
- Continue funding
  - SBA STEP proposal – Year 2
  - MEDC match

Michigan is back in the export game

We're leveraging federal dollars to expand exports

Early successes promise more success

[www.michiganadvantage.org/Export](http://www.michiganadvantage.org/Export)

# Q & A

[www.michiganadvantage.org/Export](http://www.michiganadvantage.org/Export)